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EFFECT OF CASHLESS POLICY ON FINANCIAL PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGERIA

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Abstract
The study ascertains the effect of cashless policy system on financial performance of deposit money banks in Nigeria. It employed one dependent variable which is return on assets. However, transaction volume of automated teller machine, transaction volume of point of sale and transaction volume of internet banking for the period 2019 to 2024 were used. It used ex-post facto research design to analyze the data and regression analysis to test the stated hypothesis. The result obtained from the regression shows that, volume of transaction of automated teller had positive and non-significant effect on return on assets, volume of transaction using point of sale had a positive and non-significant effect on the return on assets and volume of transaction of internet banking had a negative and non-significant effect on return on assets of deposit money banks in Nigeria. The study recommends that banks should re-value or re-engineer the cost of maintaining ATM in the interest of improved return on assets of deposit money banks in Nigeria, that policies that will ensure long term strategic plan for better implementation and elimination of obstacles associated with the use of point of sale payment system should be designed and recommend that commercial bank managers in Nigeria should continue in the improvement of internet Banking services to attract more users. The study concludes that deposit money banks in Nigeria employ a wide variety of electronic payment methods.

Keyword: Financial performance, Return on Assets, Automated Teller Machine, Point of Sale, Internet Banking

Introduction

Cashless policy is a principle in a system that does not encourage cash transactions as a medium of exchange but rather uses credit or debit instruments for payment or settlements. Some accounting consultants and other various financial institutions have criticized the current development in technology transfer or exchange of fund to maintain financial stability, efficiency and effectiveness of monetary policy (Chevan, 2013). Trade by barter has been in existence over the course of time, however due to the problems and inconveniences in the use of trade by barter, coins and paper money were introduced as a replacement. Nevertheless, pundits have been predicting the complete demise of study instruments and the emergence of potentially superior substitute for cash or monetary exchanges, that is, cashless society (Amedu, 2018).

Since Nigeria's independence in 1960, there have been different governments, constitutional reforms, change in economic policies and banking reforms, mainly directed at enhancing social welfare and achieving developmental goals but there has been no substantial positive change in Nigeria's Human Development indicators. This also calls to question the effectiveness of the cash-less policy of the Central Bank of Nigeria (CBN). Internet banking is one of the gifts to human beings by computer technology. Use of computers have automated banking process and thus has given birth to internet (Achebe, 2018). Internet is a fast spreading service that allows customers to use computer to access account-specific information and possibly conduct transactions from a remote location- such as at home or at the workplace. ATM cards, credit cards, debit smart cards, all these have eased human life up to such an extent that today life without these seems to be hard and full of misery. The increased adoption and penetration of internet has recently redefined the playground for retail banks. The retail banks are now offering their services majorly through their internet branches. However, the effect of internet banking on banks profitability mainly has remained an unstudied issue. Internet banking is the conduct of banking business electronically which involves the use of information communication technology to drive banking business for immediate and future goals (Encarta, 2019).

Alsmadi and Alwabel (2011) expressed that the definition of internet banking varies among researchers partially because internet banking refers to several types of services through which bank customers can request information and carry out banking services. However, the revolution

in the banking industry in Nigeria started with the advent of electronic devices to assist in the discharge of quality services to bank customers. The introduction of these electronic devices has increased competition in the industry which has gone a long way to reducing customers' waiting time for banking transactions. This innovation is brought in by the use of computers and other networking gadgets. In Nigeria, the networking started with the LAN (Local Area Network), MAN (Metropolitan Area Network) and subsequently the WAN (Obiekwe and Anyanwokolo, 2017).

Generally, the automation of banks makes transaction and data processing very easily accessible for quick management decision making. This led to another level of benefit which ushered in what is today referred to as internet banking. Internet banking helps the banks to speed up their retail and wholesale banking services. The banking industry believe that by adopting the new technology- internet, the banks will be able to improve customer service level and tie their customer closer to the bank (Yang and Whitefield, 2005).

The effectiveness of deploying information Technology in the banks therefore cannot be put to doubt. The fact remains that the reality of using IT in banks is necessitated by the huge amount of information being handled by these banks on a daily basis. On the customers' side, cash is withdrawn or deposited, cheques are deposited or cleared, statement of accounts are provided, money transferred etc. At the same time, banks need up to date information on accounts, credit facilities and recovery, interest, deposits, charges, income, profitability indices and other control of financial information (Ejoh, Adebisi and Okpa, 2017). The revolution in the banking industry in Nigeria occasioned by the adoption of internet banking has compelled Nigerian banks to invest more in assets to meet up with competitive positioning. Since much earnings have been retained to meet up this obligation, shareholders have been denied dividend with the expectation that future dividend will be faster. The banking software is usually improved on short term basis causing huge financial costs to the banks. To the capital providers, they expect that there would be tremendous returns accruing from the project if information driven technology (internet) is adopted. Going through annual financial reports of Nigeria banks in recent years, they reveal that dividend returns are dwindling while other performance indicators seem to be weak contrary to the expectation of

the shareholders or investors. Generally, there appears not to be improvement on banks' return on assets, capital employed and net interest margin as speculated (Suka, 2010).

Statement of the Problem

There still exists some problem militating against Nigerian banks from reaping the full benefit of e-banking. There is incessant system break down and inconsistence services on the on-line connectivity. This has affected banks effectiveness and efficiency of operation with its attendant negative impact on their productivity and overall profitability. Similarly, banks are often faced with system redundancy due to rapid technological changes resulting to excessive costs hence, lower profitability (Toutou, 2011).

The issue of insecurity and lack of privacy occasioned by the activities of hackers is another problem militating against the banks from milking the full benefit offered by e-banking. Theses could lead to financial and capital losses due to inaccurate processing of transactions, data privacy and confidentiality, unauthorized access or intrusion to financial institutions' systems and transaction, which will in turn, take a heavy toll on their profitability and overall performance (Okoye and Ezejiofor, 2018).

The vast majority of the recent literature on electronic money and banking suffers from a narrow focus. It generally ignores internet banking entirely and equates electronic money with the substitution of currency through electronic gadget such as smart cards and virtual currency. For example, Freedman,(2000) in Quorion, (2011)proposes that internet banking and electronic money consists of three devices; access devices, stored value cards, and network money. Internet banking is simply the use of new access devices and is therefore ignored. Electronic money then is the sum of stored value (smart) cards and network money (value stored on computer hard drives). What is most fascinating and revealing about this apparently popular view is that internet banking and electronic money are no longer functions or processes, but devices. Within this rather narrow scope for internet banking and electronic money, there are nonetheless many research that address one or more of the challenges facing it. Santomero and Seater (2012, Prinz (2013) and Tarkka (2014) and many others present models that identify conditions under which alternative electronic payments substitute for currency. Most of these models indicate that there is at least the possibility

for electronic substitutes for currency to emerge and flourish on a large scale, depending on the characteristic of the various technologies as well as the characteristics of the potential users. Berensten (1998) cited in Adu (2016) considers the impact that the substitution of smart cards for currency will have on monetary policy, arguing that although electronic substitution of smart cards will become widespread, monetary policy will continue to work as before because this currency substitution will leave the demand for Central Bank reserves largely intact. Goodhart (2000) cited Amedu (2018) discusses how monetary control would work in an economy in which Central Bank currency has been partially or completely replaced by electronic substitutes.

Objectives of the Study

The main objective of this study is to ascertain the effect of cashless policy on financial performance of money deposit banks in Nigeria. The specific objectives are to:

1. Determine the effect of automated teller machines (ATM) transactions on return on assets of deposit money banks in Nigeria.
2. Investigate the effect of point of sale (POS) transactions on return on assets of deposit money banks in Nigeria.
3. Examine the effect of internet banking (IB) transactions on return on assets of deposit money banks in Nigeria.

Research Questions

The following questions will elicit answers for the achievement of the outlined objectives:

1. How does an automated teller machines (ATM) transaction affect the return on assets of deposit money banks in Nigeria?
2. To what extent does point on sale (POS) transactions affect the return on assets of deposit money banks in Nigeria?
3. What is the effect of internet banking (IB) transactions on return on assets of deposit money banks in Nigeria?

Statement of Hypotheses

In view of the above stated objectives, the following null hypotheses were formulated:

1**:** Automated teller machine (ATM) transactions have no significant effect on banks return on assets of deposit money banks in Nigeria.

2**:** Point of sale (POS) transactions have no significant effect on banks return on assets of deposit money banks in Nigeria.

3**:** Internet Banking (IB) transactions have no significant effect on banks return on assets of deposit money banks in Nigeria.

Review of Related Literature

Automated Teller machine (ATM)

An automated teller machine (ATM) is an electronic banking outlet that allows customers to complete basic transactions without the aid of branch representative or teller. It is the machine that dispenses cash or performs other banking services when an account holder inserts a bank card. A personal identification number (PIN) has to be entered along with credit or debit to access cash (Dulumi and Mayowa, 2014). Automated Teller machine enables banks customers to withdraw money from their current or saving account by inserting the ATM card and a private electronic code into the ATM. The ATM enables bank-customers to access their money 24 hours a day and seven days in a week. ATM is located including the foreign countries (Encarta, 2009, cited Chevan, 2013). An automated Teller machine (ATM) (America, Australia and Indian English) also known as automated banking machine (ABM) in Canada English and a cash machine, cash- point, cashing or sometimes a hole in the wall in British English and Hibernation device that enable the client of a financial institution to perform transaction without the need of cashier, human Clark or bank teller, in most modern ATM the customer is identified by inserting plastic ATM card and with a magnet strip or a plastic smart card with a chip that contain a unique card number and some security information such as expiring date. Authentication is provided by customer entering a personal identification number (pin), using an ATM; customer can access the bank account in order to make cash withdrawal, debit card account balance as well as purchase pre-paid mobile phone credit (Mohammed and Saad, 2017). If the currency withdrawn from the ATM is different from that with the bank account is denominated in withdrawing US-dollar from the bank account contain Nigeria naira, the money will convert at official wholesale exchange rate. This ATM

provides one of the best possible official exchange rates for foreign travelers. As every other technological breakthrough, the ATMs have generated astronomical challenges and problems for the beneficiaries of financial services in Nigeria. Chevan (2013) and Danlami & Mayowa, 2014), "ATM played a key role in any retail banks' efforts to use technology as a quality weapon to defeat competition". Automated Teller Machine provides a major role in offering convenient, speedy and round the clock services. Other researchers have highlighted the usefulness of ATM (Ogunkoya, Hassan, Eluwa & Karrem, 2014). They identifies the advantages of ATM to the bank as allows for investment opportunities, reduction in costs (cost saving), effective service delivery, branding of shared network, satisfaction of customers and competitiveness. Among others are Edojariogba (2014) listed added services as: college fee payment, online collection.

Point Of Sale (POS) Machine

Point of Sale (POS) machine or terminal is an electronic device used in payment for goods and services. A point on sale (POS) is a place where a customer executes the payment for goods or services and where sale taxes may become payable (Chevan, 2013). A point of sale (POS) can be generally defined as appoint at which a sale is made, the ownership (and usually the possession) is conveyed from the retailer to the buyer, and indirect tax (such as Vat) become payable. A point of sale is commonly, a retail outlet, Kim and Kim (2007) define a point of sale system as a 'supply net administration system for customer management' which delivers real time control of merchandise in stock and sale analysis (Edojariogba, 2014).

According to Kim and Kim (2011), there are a number of POS system categories. The Bajarin (2013) writes on the article "Bringing the Checkout Counter to You" that station or aisle where individuals transport and place products they have chosen to purchase from the location is a checkout counter or cashier stand. The typical process that occurs at checkout is that cashier scans and rings up each item on the cashier register and obtains the total. The transactions at the checkout are processes using POS system that the retail store adopts according to its needs (Okoye and Ezejiofor, 2018).

According to Kaplan (2017) Karen in his article on Los Angeles Times entitle of "Do-It-Yourself Solution: Small Grocery Chain Has Big Plan for Its Retailing software", stated that POS term is

applicable for a retail shop or store, the checkout counter in the store where transaction between customer and store can occur. Moreover, the POS systems carry out more than just POS tasks where POS solutions available that include fully integrated accounting inventory tracking & management open-to-buy forecasting, customer relation management (CRM), service management, rental services, operation reporting and payroll modules (Quorion,2011). According to online report by Kingston (2018), the use of POS terminals for payments has made Nigeria to use less cash for financial transactions more than ever. For instance, a record of 1.4 trillion naira was achieved in Nigeria using POS for making transaction in 2007 (Achebe, 2018; Kingston, 2018).

Internet banking

It is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website via electronic devices like mobile phones, ipads, laptops, desktops right at the comfort of their homes, offices and other places of convenience. In Siyambola (2013) internet banking uses the electronic card infrastructure for executing payment instructions and final settlement of goods and services over the internet between the merchant and customers.

Financial Performance

Financial performance is company's ability to generate new resources, from day-to-day operations, over a given period of time and performance is gauged by net income and cash from operations. According to Toutou and Xiaodong (2011), financial performance is a general measure of how well a company generates revenues from capital. It also shows company's overall financial health over a period of time, and it helps to compare different companies across the banking industry at the same time. The bank's financial performance generally can be recognized as its stability and profitability. The stability refers to its risk factors and profitability refers to its financial return. Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and general revenue (Shokar & Nadeem, 2014). Financial performance is the measuring of company's policy and operations in monetary form. Suka (2010) looked at financial performance as a subjective measure of how well a firm uses it assets from primary mode of

business to generate revenue. The overall performance in an organization has different aspects, each contributing its own quota. Although different yardsticks and performance measurement have evolved, it is still hard to pin down what performance actually meant. Performance function is the ability of an organization to gain and manage the resources in several different ways to gain competitive advantage. Financial performance is the extent to which financial objectives have been achieved (Shoukat & Nadeem, 2014). It is the process of assessing the results of a firm's policies and operations in monetary terms. The main objective of financial performance assessment is to pin the operating and financial physiognomies and the proficiency and performance of economic unit management, as shown in the financial records (Amalendu, 2010). In order to assess the financial performance of deposit money banks there are variety of indicators which may be used. Some of the major financial performance indicators include; Return on Assets, Return on Equity, Return on capital employed, Earning per share etc. (Bagh, Khan, Azad, Saddique & Khan,2017).

Return on Assets (ROA).

According to Yao, Haris and Tariq (2018), ROA is the ratio of the profit after tax and total/average assets, which is commonly used as cost-effectiveness indicator that defines the efficient consumption and revenue generation proficiency of/from the asset of any business organization. The Return on Assets (ROA) is a ratio that measures company earnings before interest and taxes (EBIT) against its total net assets. The ration is considered as indicator of how efficient a company is using its assets to generate before contractual obligation must be paid. Mekekwue (2008) saw Return on Assets (ROA) as a ratio which seeks to measure the amount of profit generated from the entire assets of the firm. It is express as profit Before Tax total Assets. ROA is measured thus, it is calculated as: ROA = EBIT/Total Assets.

Theoretical Framework

Bank Focused Theory

This theory was proposed by Kapoor Karem (2010) and anchors on the premise that banks use non-traditional but conventional low-cost delivery channels to provide services to its numerous customer. Such channels include the automated teller machines (ATMs), Internet banking, Point of sales (POS) among others. By making use of these channels, the bank offers a wide range of

services to its customers not minding the location and branch where the customer is. The only thing required is to input the needed information into the system and the transaction is concluded. This theory supports this study since the emphasis here is on electronic platforms as a means of delivering services. The study is related to the present study because cashless policy is about saving cost and risk of physical cash during transactions. Debit/Credit cards transactions and other forms of cashless policy in the study. It also relates to the present study because these low-cost channels of transactions will save cost and improve on the financial performance of deposit money banks in terms of return on assets, return on equity and return on capital employed. The theory is preferred to other theories that are related to the study because it best explains the concept of cashless policy and its effect on financial performance of deposit money banks in Nigeria.

Empirical Review

Ayo et al (2019) empirically studied the impact of mobile banking and service transfer in the Nigerian commercial banks the using and questionnaire. He found out that the overview of e-banking services has enriched banking efficiency in rendering services to customer. His findings show that mobile banking develop banks service delivery in a form of transactional suitability, savings of time, quick transaction alert and save of service cost which results in customer's relationship and satisfaction. To this end, he suggested that bank management should create awareness to notify the public about the benefits resulting from the e-banking service products, collaboration among banks should be perfectly maintained, skilled manpower and computer wizard should be employed by every bank in order to avoid fraudulent personal and hackers from functioning the banks data and stealing money from the banks accounts.

Nwankwo and Eze (2018) undertook the study on the extent to which automated payment affect cashless economy of Nigeria using a descriptive research design. Nwankwo and Eze designated that the electronic system of payment has a great suggestion in cashless economy of Nigeria but that it will lead to a significant decrease in deposit enlistment and credit extension by Nigeria deposit money banks

Yaqub, et al (2018) in their paper titled the cashless policy in Nigeria prospects and challenges pointed out the prospects and challenges of such p0licy, in a developing economy like Nigeria. In

concluding their explanatory study, Yaqub et al, posits that the move towards a cashless Nigeria brings with the numerous benefits but there is still the need to create more awareness to entice the numerous unbanked Nigerians into the banking system.

Amedu (2018) examined the impact of cashless policy on the profitability of Nigeria banks. To achieve the objective of the study, secondary data were collected and analyzed using content analysis. The results showed that cashless economic policy positively influence on bankers' profit.

Okoye and Ezejiofor (2018) examined cashless policy, growth of financial stability in the country. The descriptive research plan was adopted for the study with a sample size of 68, using the convenience sampling technique. The data collected were subjected to face validity test, and were analyzed with ANOVA and chi – square technique. Findings showed that those sampled agree that the policy will help fight in corruption/money laundering and reduce the risk of carrying cash. However, the major problems envisaged to hamper the implementation of policy and cyber fraud and illiteracy. It was however recommended that government should adopt a different strategy to educate the non-illiterate Nigerians about the cashless economy and a framework must be worked out to deliver cyber security in Nigeria.

Ejoh, et al (2017) examined the cashless economic system so as to assess the relationship amid Information and Communication Technology (ICT) and the application of cash-less policy. In order to achieve the primary objective of the study, the study used structures questionnaire with data collected from 120 respondents randomly selected. The data were analyzed using simple percentage procedure, and the collected data analyzed using chi-square technique. Findings revealed that there exists a significant relationship between ICT and cashless policy application in the Nigerian financial environment. Based on the findings, it was recommended that the federal government should collaborate with all the state ICT centers and other private institutions to provide mass ICT education for the computer non literates and banks should invest more in e-banking technology in mandate to enhance public awareness which would in turn encourage cash-less economy in Nigeria.

Obiekwe and Anyanwuokoro (2017) in their study investigated the effect of Electronic payment Methos (EPM) on the profitability of commercial banks in Nigeria. In other to achieve the broad

objective, the study specifically investigated the effect of Automated Teller Machine (ATM), Point of Sale (POS) and Mobile Payment (MPAY) on the profitability of commercial banks in Nigeria. A total sample of five (5) banks was considered for the period 2009 to 2015 and the study adopted the Panel Least Squares (PLS) estimation technique as the analytical tool.

Data were collected from the Central Bank of Nigeria (CBN) Statistical Bulletin and Annual Reports and Statement of Accounts of the five banks in the study. Findings revealed that automated teller machine (ATM) and Mobile Phone payment have a significant effect on the probability of commercial banks in Nigeria. However, point of sale (POS) has an insignificant effect on commercial banks' profitability in Nigeria.

Muhammad (2017) in an article titled examination of value creation of electronic banking in Nigeria inspected tendencies of banking habit in Nigeria across banking regimes regulation and deregulation hinged on past view point of banking development in Nigeria, from independence to 2012. Relevant secondary data casing 1960 to 2010 were collected from Central Bank on Nigeria annual report and examined using the descriptive trend analysis. Muhammad finding recommends a static behavior across the monetary policy regimes and thus warned rushing the cashless program until events is in place to inspire and push fast the banking culture change for the success of the cashless Nigeria program.

Taiwo et al (2017) in their study appraised the implementation of the cashless policy since introduction into the Nigeria Financial system in 2012 and also to examine the persistent challenges facing its implementation. In view of the above-stated objective, primary data were collected with the aid of the questionnaire, which was randomly administered to 120 respondents ranging from First Bank, Zenith Bank and United Bank for Africa. The banks were selected based on their total assets and the information collected covered the activities of the CBN and that of those banks towards implementation of the cashless policy from 2012 to date. The data collected were presented and analyzed with the aid of Statistical Package for Social Sciences (SPSS) using descriptive statistic and one sample t-test. The findings revealed that despite the need to operate cashless transactions dominating the modern Nigerian economy, the cashless policy will have the desired impact only if a lot is done to ensure the implementation of an effective cashless system.

Research carried out by Humphrey (2017) titled "The influence of cashless policy on small scale businesses in Ogoni Local Government Area of Rivers State, Nigeria" The purpose of the study was to examine the impact of cashless policy on small scale businesses. The study used purposive sampling technique in which 250 owners and operators of small-scale businesses were selected and achieved questionnaire. The data collected were coded and analyzed using frequency table and percentages, while regression analysis was used to analyze the framed hypotheses using SPSS (Statistical Package for Social Sciences). The findings indicated that small scale businesses in Ogoni land are predominately denoted by sole proprietorship with meager income with a significant statistics of them having a very poor banking habit; with the fact of provision of services is their main business action makes bank transaction, ATM procedure and on-line banking of less or no significant since their operation was grossly hinged on "cash and carry basis". Based on the findings some recommendations among others made are that the government to harness efforts and be direct same at enlightening the activities of small scale businesses through concerted policies, regulations and actions that will encourage and empower small scale businesses monetarily, thus making the sector lively and productively ready to withstand a cashless economy.
Ajayi and Ojo (2016) examined the effect of cashless monetary policy on Nigerian banking industry using a sample 370 Guaranty Trust Bank (GTB) staff in Ekiti State in Nigeria. The selected size was based on Taro Yemane's formula for sample size. The data were analyzed using frequency table and percentages while the non-parametric statistical test, Chi-Square was used to test the hypotheses. The results of the study showed that there is a positive and significant relationship between cashless policy and ease of operations with reduction in queues and congestion in the banking hall, among others. It was therefore recommended that government should put in place a law preventing cyber-crime and intensify public enlightenment campaign about the cashless system. Bank official should also be properly trained about the operation of the policy in order to be efficient with the services rendered to customers.
Ewa and Inah (2016) investigated evaluating Nigeria Cashless Policy Implementation using simple percentages and Relative Important Index (RII), found using a four-point Likert scale questionnaire administered to six hundred respondents. The results of the result show that the twin

policy objectives investigated were partially achieved. Also, the study reveals that social infrastructures in power and telecommunications need improvement and expansion and the need to create more awareness to encourage the unbanked to emphasize banking culture.

Osazeybaru et al (2014) in their study examined the impact of cashless policy on the profitability of Nigeria banks, in addition this secondary data were collected and analyzed using contents analysis. The results revealed that cashless policy positively impacts on banks reduction profit in the cost of operation through banking the unbanked populace.

Tunmubi and Falayi (2013) investigated information technology security and e-banking in Nigeria Banking industry. A total of forty customers were sampled from the different banks in Nigeria, using method and questionnaire as the data collection instrument. Findings showed that Information Technology was positive and significant relationship between performances of banks in various countries. However, with respect to IT security in Nigeria, there is a variation in the level trust that customers have in the banks. Most of the sampled customers responded that network is unreliable and there is an occasional experience of cash deduction without cash withdrawal when using ATM. They noted that IT security is a major challenge to e-banking in Nigeria and the banking industry is not stable enough for e-banking.

Methodology

Ex-post facto design was used in the study in order to determine the effect of the explanatory variables (ATM, POS and IB) on the dependent variable (ROA). Data were collected from Nigerian Stock Exchange Factbook and Annual reports and accounts of Listed money deposit Banks in Nigeria. The population of the study consists of 12 listed money deposit Banks of NSE. It ranges from Access Bank Plc, Fidelity Bank Plc, First Bank Holding, First City Monument Bank, Guarantee Trust Bank, Stanbic IBTC Holding, Sterling Bank, Union Bank of Nigeria, United Bank for Africa, Unity Bank, Wema Bank and Zenith Bank. The study covers a period of 2019 to 2024. Data were analyzed using Ordinary Least Square model with the aid of E-view 10 so as to examine the relation between the independent variables and the dependent variable.

Model Specification

Model specification refers to the description of the process by which the dependent variable is generated by the independent variables (*Inyiama* and Ezugwu 2016) each model represented a given hypothesis, respectively. For hypothesis one which states that there is no positive and significant effect of Automated Teller Machine (ATM) transactions on return on assets of money deposit Banks in Nigeria, is represented as:

ROA = F(ATM) -------- (i)

Model (i) can be further specified as:

$ROA = B_0 + B_1, ATM + U_t$ ----- (ii)

For hypothesis two which states that there is no positive and significant effect of Point of Sale (POS) transactions on Return on Assets of money deposit Bank in Nigeria. It is represented as:

ROA = F (POS) ---------- (iii)

Model (iii) can be further specified as:

$ROA= B_0 + B_1, POS + U_t$----- (iv)

For hypothesis three which states that there is no positive and significant effect of Internet Banking (IB) Transactions on Return on Assets of money deposit Bank in Nigeria. It is represented as:

ROA = F (IB) ---------- (v)

Model (v) can be further specified as:

$ROA = B_0 + B_1, IB + U_t$ ----- (vi)

ATM– Automated Teller Machine

POS – Point of Sale

IB – Internet Banking

ROA – Return on Assets

Descriptive/Operationalization of Variables

Variables	proxies(operational definitions)	source of Information
Dependent variable		
Return on Assets(ROA)	profit before interest and Tax/Total Assets	CBN bulletin and NEFT website from 2019-2024

Independent Variables		
ATM transactions	Volume of ATM transactions	CBN bulletin and NEFT website from 2019-24
POS transactions	Volume of POS transactions	CBN bulletin and NEFT website from 2019-24
IB transactions	Volume of IB transactions	CBN bulletin and NEFT website from 2019-24

Data Analysis

Table1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev	Min	Max
ROA	120	1.59225	1.998494	-9.53	7.05
VATM	120	8.729	.1765465	`8.47	8.94
VPOS	120	7.64	.8456116	6.32	8.77
VIBT	120	7.122	.6480088	6.29	8.13
LEV	120	.1251025	.140565	-6075	.3218
EAPS	120	96.34808	163.5616	-127.62	.729

Table 1 presents the descriptive statistics of the variables used in the study. The mean value of Return on Assets (ROA) is 1.59, with a standard deviation of 1.99, indicating moderate variability in the financial performance of deposit money banks during the period under review (2019 -2024). The minimum and maximum values of ROA are -9.53 and 7.05 respectively, suggesting the presence of fluctuations in profitability across the sampled period. For the explanatory variable, the mean vaue of Automated Teller Machine (ATM) transactions is 8.729 with a relatively low standard deviation of 0.18 indicating minimal dispersion in ATM transaction volumes. The values

range between 8.47 and 8.94, reflecting a fairly stable trend. Similarly, the mean value of Point of Sale (POS) transaction is 7.64 with a standard deviation of 0.85, suggesting moderate variability. The minimum and maximum values are 6.32 and 8.77, respectively. Internet Banking (IB) transactions recorded a mean value of 7.12 and a standard deviation of 0.65, indicating some level of variation within the period.

With respect to the control variable, leverage (LEV) has a mean value of 0.14 and a standard deviation of 0.14 implying moderate dispersion in the capital structure of the banks. Overall, the descriptive statistics indicate that electronic payment channels were actually utilized during the study period, although variations exist across the different payment platforms.

Test of Hypothesis One

Step one: Restatement of hypothesis in null forms.

Ho: There is no significant effect of automated teller machine (ATM) transactions on return on assets of deposit money banks in Nigeria.

Table 2: ATM Transactions and ROA

Dependent Variable: ROA
Method: Least Squares
Date: 05/02/25 Time: 11:41
Sample: 2019 2024
Included observations: 120

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.735998	0.602944	-1-220674	0.2766
LNATM	0.037490	0.028373	1.321318	0.2436

R-squared	0.553454	Mean dependent var	0.060000
Adjusted R-squared	0.382111	S.D. dependent var	0.070000
S.E. of regression	0.066017	Akaike info criterion	-2.362859

Sum squared resid	0.021791	Schwarz criterion	-2.378313
Log likelihood	10.27001	Hannan-Quinn criter.	-2.553871
F-statistic	0.024421	Durbin-Watson stat	2.357978
Prob(F-statistic)	2.432103		

Step Two: Interpretation of Regression Result

Table 2 shows the result of the simple regression analysis on the effect of automated teller machine on return on assets of deposit money banks in Nigeria from 2019-2024. The regression result indicates that ATM transactions have a coefficient of 0.0374900 suggesting a positive relationship with return on assets. The associated p-value of 0.2435 exceeds the 0.05 level of significance, indicating that the effect is not statistically significant. Therefore, ATM transactions don not have a significant impact on the financial performance of deposit money banks in Nigeria. The R-squared value of 0.553 implies that ATM transactions explain 55.3% of the variation in ROA.

Test of Hypothesis Two

Step one: Restatement of hypothesis in null forms.
Ho: There is no significant effect of point of sales (POS) transactions on return on assets of deposit money banks in Nigeria.

Table 3: POS and ROA

Dependent Variable: ROA
Method: Least Squares
Date: 05/02/25 Time: 12:14
Sample: 2019 2024
Included observations: 120

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.052243	0.002293	22.78228	0.0000
POS	4.48E-11	4.38E-11	1.020886	0.3098

R-squared	0.513366	Mean dependent var	0.052667
Adjusted R-squared	0.332144	S.D. dependent var	0.022781
S.E. of regression	0.022777	Akaike info criterion	-4.706741
Sum squared resid	0.051878	Schwarz criterion	-4.655271

Log likelihood	242.0438	Hannan-Quinn criter.	-4.685899
F-statistic	1.042208	Durbin-Watson stat	1.667967
Prob(F-statistic)	0.034711		

Step Two: Interpretation of Regression Result

Table 3 shows the result of the simple regression analysis on the effect of point of sale on return on assets of deposit money banks in Nigeria from 2019-2024. The coefficient of POS transactions is 4.48E-11, indicating a positive relationship between POS transaction volume and ROA. This implies that increases in POS transactions are associated with improvement sin financial performance. However, the p-value of 0.3098 is greater than 0.05, indicating that the effect is statistically insignificant. Thus, POS transactions do not significantly influence the financial performance of deposit money banks. The R-squared value of 0.513 indicates that approximately 51.3% of the variation in ROA is explained by POS transactions. Given that the p-value exceeds the 5% significance level, thee null hypothesis is not rejected. Therefore, POS transactions have a positive but insignificant effect on ROA.

Test of Hypothesis Three

Step one: Restatement of hypothesis in null forms.

Ho: There is no significant effect of internet banking (IB) Transactions on return on assets of deposit money banks in Nigeria.

Table 4: IB and ROA

Dependent Variable: ROA
Method: Least Squares
Date: 05/02/25 Time: 13:27
Sample: 2019 2024
Included observations: 120

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.735464	0.287272	2.560164	0.0506
LNIB	-0.039625	0.016133	-2.456092	0.0575
R-squared	0.586789	Mean dependent var		0.030136

Adjusted R-squared	0.456147	S.D. dependent var	0.026806
S.E. of regression	0.019768	Akaike info criterion	-4.774536
Sum squared resid	0.001954	Schwarz criterion	-4.789990
Log likelihood	18.71088	Hannan-Quinn criter.	-4.965547
F-statistic	1.032387	Durbin-Watson stat	2.423978
Prob(F-statistic)	0.037504		

Source: Researcher's E-view 10 Results.

Step Two: Interpretation of Regression Result

Table 4 shows the result of the simple regression analysis on the effect of internet banking on return on assets of deposit money banks in Nigeria from 2019-2024. The coefficient of internet banking transactions is -0.039625, indicating a negative relationship between internet banking and ROA. This suggests that an increase internet banking transactions is associated with a decrease in financial performance. The associated p-value of 0.0575 is slightly above the 5% significance level, indicating that the effect is not statistically significant at the 5% level. The R-squared value of 0.587 indicates that approximately 58.7% of the variation in ROA is explained by internet banking transactions. Hence, since the p-value is greater than 0.05, the null hypothesis is not rejected. Thus, internet banking transactions have a negative and statistically insignificant effect on ROA.

Since the coefficient estimate of internet banking is negative and p-value greater than 0.05 null hypothesis is accepted and alternate rejected. Thus, internet banking has negative and non-significant effect on return on assets of deposit money banks in Nigeria.

Discussion of Findings

This study ascertains the effect of cashless policy on financial performance of deposit money banks in Nigeria using some selected electronic payment instruments that captured the volume of transactions made with such instruments from 2019 to 2024. The study made use of panel data analysis, the findings revealed results on banks performance parameter. The findings are discussed below;

It found out that ATM Transaction has a positive and non- significant effect on Financial Performance proxy of Return on Assets as one of the measures of banks profitability (0.037490,

0.2436). The study is similar to that carried out by Onay et al (2008), in their study revealed that adoption on online banking and its investment is a gradual process. They posit that ATM does not seem to have a significant impact on the performance of Turkish banks measured in terms of ROA, ROE and Net profit margin.

The study also finds that the volume of Point of Sale Transactions has insignificant effect on Financial Performance proxy of Return on Assets (ROA) (4.48, 0.3098). This implies that increased volume of Point of Sale transactions will significantly decrease return on Asset of Deposit Money Banks in Nigeria. The finding is inconsistent with the work of Adu (2016), Atuma, Ikpefan, and Aigbiremolen, (2014) which shows that Point on Sales transactions has positive and insignificant effect respectively on performance of Deposit Money Banks in Nigeria..

Furthermore, the study shows the volume of Internet Banking Transactions has a negative and non significant effect on Financial Performance proxy of Return on Assets {-0.039625 (0.0575)}. This implies that increased volume of Internet Banking transactions will not significantly increase return on Assets of Deposit Money Banks in Nigeria. The finding is consistent with the work of Okoro (2014), Taiwo,Kehinde, Afieroho and Agwu, (2016) and Latifat and Alhassan (2015) who discovered that Internet Banking that has non-significant effect on performance of Deposit Money Banks in Nigeria..

Conclusion and Recommendations

This study ascertain the effect of cashless policy on financial performance of money deposit Banks in Nigeria. From the statistical analysis of the study, the study concludes that cashless policy influences financial performance. Based on the findings, it is recommended that Banks should ensure proper maintenance of their ATM, POS and also improve their internet Banking services.

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